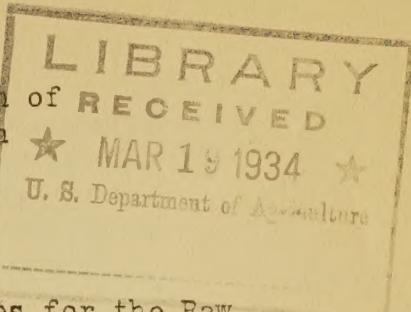


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Purposes and History of the Compilation of
the Rules for Trading in Raw Cotton
in the United States.



In the formulation of the Code of Fair Practices for the Raw Cotton Trade, the industry originally proposed that the trading rules of more than a dozen of the leading organizations and associations of cotton traders should be appended to and made a part of the code.

Examination of these rules revealed what is probably well known; namely, that there is a considerable divergence between the several sets of rules, in form as well as in many specific provisions.

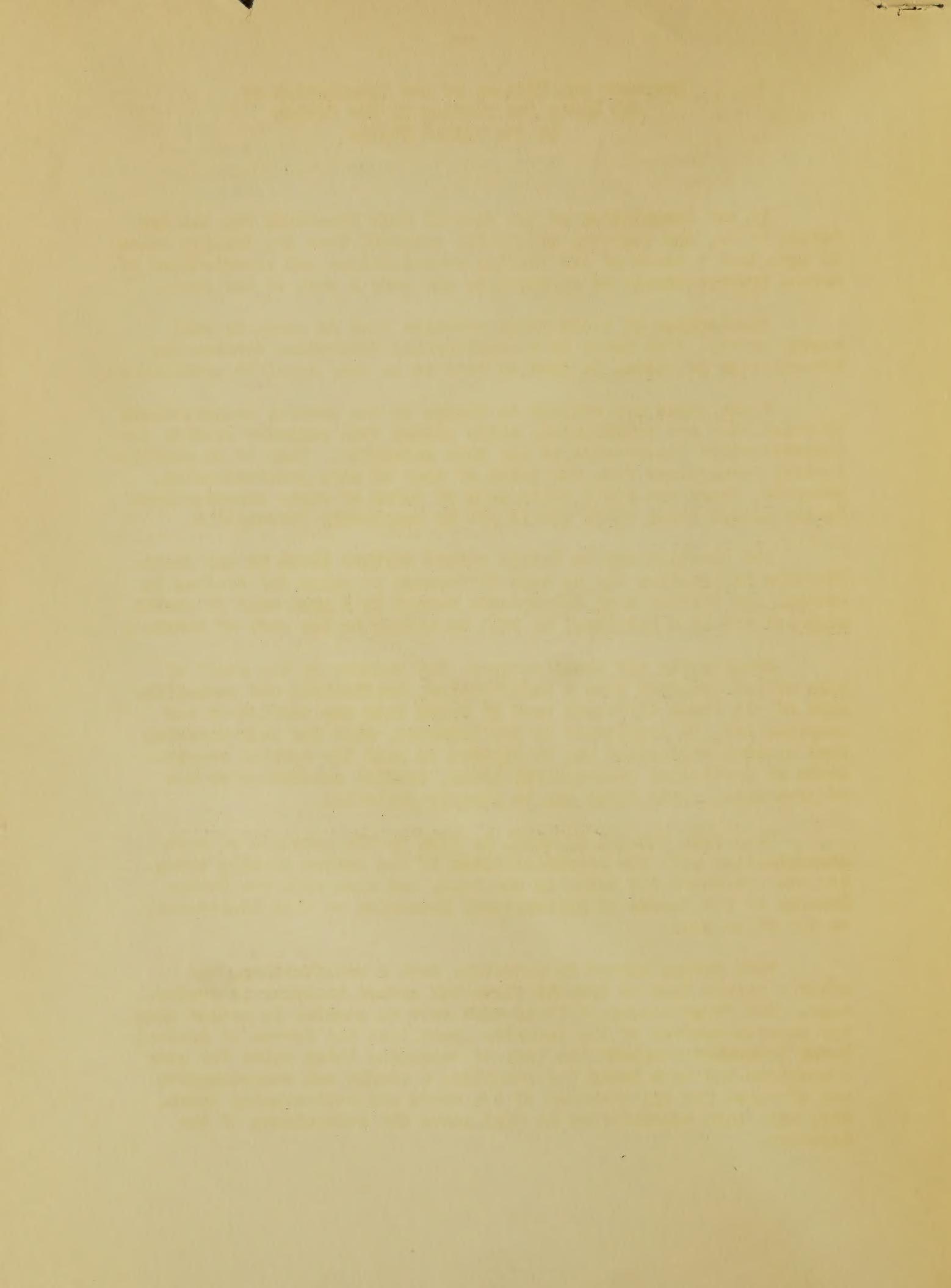
Those rules are subject to change by the several organizations by which they are promulgated, which places them somewhat outside the administrative supervision of any code authority. This is an unsatisfactory arrangement from the point of view of code administration. Moreover, there are still other sets of rules of other organizations in the cotton trade which should not be completely disregarded.

The question may be fairly raised whether there is any justification in practice for so much difference in rules for trading in cotton, and whether such differences result in a good deal of confusion and act as a handicap, as well as adding to the cost of trading.

Considering all these matters, the members of the staff of this office proposed that a codification, unification and consolidation of all these different sets of rules into one consistent and complete set, be considered by the industry, with the understanding that special variations may be allowed to meet the special requirements of particular geographical areas, trading conditions or use requirements, where these can be clearly justified.

With this thought in mind, we took up the question of such consolidation with the representatives of the cotton trading industry who presented the code, on one hand, and also with the Cotton Section of the Bureau of Agricultural Economics of this Department, on the other hand.

Both groups agreed to undertake such a codification, and after a little time we brought these two groups together in conference. The first stages of their work were so similar in method that the representatives of the industry urged that the Bureau of Agricultural Economics complete the task of arranging these rules for easy comparison and as a basis for compiling a single and comprehensive set of rules for all branches of the trade and cotton-using industry, with such subdivisions as will serve the convenience of the industry.



The trading rules of more than thirty different organizations have now been compiled in parallel arrangement and mimeographed on large sheets. Of these sheets, 16 x 21 inches in size, there are 136 pages. The groups in which these rules are compiled and the number of pages in each are as follows:

American Cotton Shippers and federated affiliates - - - - -	34	pages.
New England and Southern Mill Rules - - - - -	14	"
Spot Exchanges - - - - -	40	"
Texas Spot Exchanges - - - - -	34	"
Tabular Material - - - - -	<u>14</u>	"
	136	"

In addition, for the convenience of those studying these rules with view to the preparation of the consolidated form, a set of titles of such rules has been prepared to go along with the compilation.

The size of this task and the mass of material involved makes it necessary to limit the number of copies available, and a certain number have been assigned to particular groups of the industry.

It is the hope of those working on the code for the raw cotton trade that the members of the industry can agree on such a consolidated set of rules, which can then be embodied in the code as the standards of trading practice in raw cotton and that they will serve the convenience as well as enhance the economy in trading in this commodity.

We believe the members of the raw cotton trade will join this office in expressing appreciation of the excellent job the Cotton Section of the Bureau of Agricultural Economics has done in preparing this compilation.

Lawrence Myers,
Acting in Charge,
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February 3, 1934.

